GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:81
ANSWERED ON:28.07.2006
ASSISTANCE TO FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether farmers are facing difficulties in getting loans from banks in time and are also forced to pay heavy interest on such loans;

(b) if so, the details thereof;

(c) whether the Government has announced recently any special relief package to mitigate the sufferings of the farmers and for waiver of interest on loan;

(d) if so, the details thereof and the time by which the said package is likely to be implemented;

(e) whether co-operative banks have shown their inability to implement the said package;

(f) if so, the reasons therefor; and (g) the steps taken by the Government to provide hassle free credit to farmers and to implement the relief package?

Answer

THE MINISTER OF THE FINANCE (SHRI P. CHIDAMBARAM):

(a) to (g) A Statement is laid on the Table of the house.

Statement

(a) and (b) No, Sir. The loan disbursed to Agriculture and Allied Sectors during 2003-04 was Rs. 86,981 crore. In 2005-06, it was Rs. 1,67,775 crore. The target for disbursement to the sector during 2006-07 is Rs. 1,75,000 crore which is likely to be surpassed. During 2005-06, Government granted a 2% relief on interest on Short Term Credit from Banks and an amount of Rs. 1700 crore was released for this purpose. Guidelines have been issued to banks to provide Short Term Production Credit for 2006-07 upto a principal of Rs. 3 lakhs @ 7% per annum.

(c) to (f) Keeping in view the extreme conditions of the farmers in six districts of Vidarbha Region of Maharashtra namely Amrawati, Wardha, Yavatmal, Akola, Washim and Buldhana, the Government has announced a rehabilitation package. The main items of the package relating to agriculture credit are as under:

(i) The entire interest on overdue loans as on 01.07.2006 will be waived in the six affected districts such that all farmers will have no past interest burden as on that date. The estimated amount of interest on overdue loans in these six districts as on 01.07.2006 is Rs. 712.00 crore.

(ii) The overdue loans of the farmers as on 01.07.2006 will be rescheduled over a period of 3-5 years with a one year moratorium.

(iii) An additional credit flow of Rs. 1275 crores will be ensured in these six districts in 2006-07.Cooperative Banks have not expressed any inability to implement the package.

(g) The Commercial Banks, Cooperative Banks and Regional Rural Banks operating in Vidharbh Region have been advised to ensure that all the farmer loan accounts which are overdue on July 01, 2006 are rescheduled on the lines of the package and the interest thereon is waived. Besides, a Steering Committee of the State Level Banker`s Committee (SLBC) is monitoring the progress of implementation of the package. District teams have also been constituted with representatives from NABARD, RBI and Banks to monitor the implementation of the package at the field level.